BOSTON SCIENTIFIC CORPORATION, BOSTON SCIENTIFIC SCIMED, INC., and FORTIS ADVISORS, LLC v. BIOCARDIA, INC.

No. 3:19-CV-05645-VC

COUNTERDEFENDANTS' MOTION FOR SANCTIONS

EXHIBIT 2

	PAGES 1 - 44
UNITED STATES D	ISTRICT COURT
NORTHERN DISTRICT	OF CALIFORNIA
BEFORE THE HONORABLE	E VINCE CHHABRIA
BOSTON SCIENTIFIC CORPORATION, ET AL.,))
PLAINTIFFS,)
VS.) CASE NO. 19-CV-05645 VC
BIOCARDIA, INC.,)
DEFENDANT.)))
BIOCARDIA, INC.))
PLAINTIFF,)
VS.) CASE NO. 20-CV-02829 VC
NVISION MEDICAL CORPORATION, ET AL.,)))) SAN FRANCISCO, CALIFORNIA
DEFENDANTS.) THURSDAY, JULY 23, 2020

TRANSCRIPT OF PROCEEDINGS OF THE OFFICIAL ELECTRONIC SOUND RECORDING 11:03 A.M. - 12:10 P.M.

TRANSCRIBED BY: JOAN MARIE COLUMBINI, CSR #5435, RPR
RETIRED OFFICIAL COURT REPORTER, USDC

APPEARANCES:

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BY: TIMOTHY E. GRIMSRUD, ESQUIRE

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FOR FORTIS ADVISORS FREITAS ANGELL & WEINBERG LLP

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BY: ROBERT E. FREITAS, ESQUIRE

JESSICA NICOLE LEAL, ESQUIRE

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577 AIRPORT BOULEVARD, SUITE 250 BURLINGAME, CALIFORNIA 94010

BY: IAN NEVILLE FEINBERG, ESQUIRE

ELIZABETH DAY, ESQUIRE

1 EXXCLAIM CAPITAL PARTNERS I, LP.

MS. LEAL: GOOD MORNING, YOUR HONOR, JESSICA LEAL FOR MS. SARNA AND ALSO FOR AND EXXCLAIM.

THE COURT: GOOD MORNING. OKAY. LET ME START BY
LAYING OUT MY TENTATIVE THINKING ABOUT HOW TO UNTANGLE THIS
PROCEDURAL MORASS THAT WE'VE GOT OURSELVES INTO.

LET ME JUST FIRST SAY THAT -- AND CAN EVERYBODY HEAR ME OKAY?

MR. GRIMSRUD: YES, YOUR HONOR.

MR. FEINBERG: YES.

MR. FREITAS: YES.

THE COURT: LET ME -- LET ME FIRST SAY THAT WHEN YOU LOOK AT THE TOTALITY OF BIOCARDIA'S LITIGATION CONDUCT IN THIS CASE, YOU THINK ABOUT ALL OF THE ISSUES TOGETHER, YOU KNOW, BIOCARDIA'S LITIGATION CONDUCT HAS BEEN ATROCIOUS, AND I THINK THAT, YOU KNOW, IT WOULD BE VERY MUCH WITHIN MY DISCRETION TO RULE AGAINST BIOCARDIA ACROSS THE BOARD ON ALL OF THESE PROCEDURAL QUESTIONS THAT WE HAVE IN FRONT OF US RIGHT NOW. THAT IS TO SAY, YOU KNOW, I THINK IT WOULD BE -- IT WOULD BE VERY MUCH WITHIN, YOU KNOW, JUDICIAL DISCRETION TO SAY: NO, YOU CANNOT FILE AN AMENDED COMPLAINT IN THE FIRST CASE, WHICH ADDS THE -- THESE NEW TRADE SECRETS, AND THE SECOND LAWSUIT IS DISMISSED AS TO ENVISION [SIC] -- NVISION; I KEEP SAYING ENVISION -- THE SECOND LAWSUIT IS DISMISSED AS TO NVISION ON CLAIM—SPLITTING GROUNDS. AND THE SECOND LAWSUIT MAYBE EVEN IS

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DISMISSED AS TO THE SHAREHOLDERS ON CLAIM-SPLITTING GROUNDS. I
HAVEN'T GIVEN -- I HAVEN'T THOUGHT ABOUT THAT ONE AS MUCH YET.

AND, YOU KNOW, SO I THINK IT WOULD BE -- I THINK IT
WOULD BE LIKELY APPROPRIATE TO JUST SAY -- LEAVE YOU WITH THE
FIRST LAWSUIT AND THE -- YOU KNOW, THE TRADE SECRETS THAT YOU
ARE ASSERTING AS OF THE DEADLINE TO AMEND PLEADINGS.

BUT I'M TRYING TO STEP BACK AND, YOU KNOW, THINK

ABOUT HOW TO STRIKE AS FAIR A BALANCE AS POSSIBLE. YOU KNOW,

THE OTHER SIDE IS NOT WITHOUT FAULT IN -- IN TERMS OF WHERE WE

ARE RIGHT NOW. AND IN PARTICULAR, I GUESS, YOU KNOW, WHAT

STANDS OUT IS THAT THEY MISSED THE ISSUE OF CLAIM SPLITTING IN

ALL OF THESE -- IN ALL OF THESE BRIEFS. DO I THINK THEY

WAIVED, YOU KNOW, THE RIGHT TO SEEK DISMISSAL ON

CLAIM-SPLITTING GROUNDS? NO, I DON'T THINK SO. I MEAN, I

THINK THE -- I THINK, YOU KNOW, IT'S EARLY ENOUGH IN THE CASE,

AND THERE'S BEEN ENOUGH CONFUSION. AND THEY HAVE ARTICULATED

THE CONCEPTS THAT ARE EMBODIED IN THE DOCTRINE OF CLAIM

SPLITTING, EVEN THOUGH THEY HAVEN'T MADE A CLAIM-SPLITTING

MOTION, SUCH THAT, YOU KNOW, IT'S PROBABLY FAIR TO SAY THEY

HAVEN'T WAIVED IT.

BUT, BY MISSING THE ISSUE OF CLAIM SPLITTING, YOU KNOW UNTIL I BROUGHT IT UP LAST WEEK, YOU KNOW, THEY'VE MADE THIS -- THEY'VE MADE THIS PROCEDURAL MORASS A LOT MORE COMPLICATED.

AND THE OTHER -- THE OTHER POINT ABOUT JUST TRYING TO

BE AS FAIR AS POSSIBLE HERE IS THAT, YOU KNOW, I -- IN ADDITION

TO SORT OF LOOKING AT THE TOTALITY OF BIOCARDIA'S LITIGATION

CONDUCT, I TRIED TO SEPARATE OUT THE DIFFERENT TRANSGRESSIONS

AND EVALUATE THE EGREGIOUSNESS OF EACH TRANSGRESSION.

AND, YOU KNOW, SOME TRANSGRESSIONS ARE MORE EGREGIOUS
THAN OTHERS, BOTH FROM THE STANDPOINT OF PREJUDICING THE
DEFENDANTS AND FROM THE STANDPOINT OF, YOU KNOW, LACK OF
DILIGENCE ON THE PART OF BIOCARDIA.

AND, SO, AFTER I SPENT SOME TIME TRYING TO SEPARATE

ALL THAT OUT AND TRYING TO THINK WHAT MIGHT BE THE MOST FAIR,

YOU KNOW, EXERCISE OF DISCRETION IN THIS CONTEXT, HERE IS THE

SORT OF -- HERE'S ONE POSSIBLE APPROACH THAT I CAME UP WITH TO

ALL OF THESE MOTIONS. OKAY?

AND I'LL SAY, BEFORE I LAY OUT THE APPROACH, LET ME

JUST SAY THAT, YOU KNOW, I VIEW THE DECISION TO FILE THE SECOND

LAWSUIT, THE CLAIM-SPLITTING ISSUE, AS QUITE A BIT MORE

EGREGIOUS THAN THE FAILURE TO ADD THE ADDITIONAL TRADE SECRETS

TO THE COMPLAINT IN THE FIRST LAWSUIT.

AS TO THOSE TRADE SECRETS, THERE'S NO QUESTION THAT

IT WAS -- YOU KNOW, THAT BIOCARDIA SHOULD HAVE SOUGHT TO ADD

THEM EARLIER, BUT, YOU KNOW, IN THE -- YOU KNOW, WHEN YOU'RE

THINKING ABOUT SORT OF -- YOU KNOW, NO HARM/NO FOUL, BIOCARDIA

DID INITIALLY ATTEMPT TO ARTICULATE THESE TRADE SECRETS, THESE

NEW ADDITIONAL TRADE SECRETS IN THE LITIGATION IN DECEMBER,

WELL BEFORE THE DEADLINE FOR AMENDING.

AND SO, YOU KNOW, THE DEFENDANTS IN THE FIRST ACTION
WERE ON NOTICE OF -- YOU KNOW, THAT THEY MAY HAVE TO DEFEND
THEMSELVES ON THESE NEWLY ARTICULATED TRADE SECRETS WELL BEFORE
THE DEADLINE.

SO IT STRIKES ME THAT THAT CONDUCT WAS LESS EGREGIOUS
THAN THE TOTAL FAILURE TO FIGURE OUT WHETHER NVISION NEEDED TO
BE SUED AND WHETHER -- AND POSSIBLY WHETHER THE SHAREHOLDERS
NEEDED TO BE SUED. AND, YOU KNOW, THE DECISION TO TRY TO FILE
A SECOND LAWSUIT AGAINST THEM, HAVING BLOWN THE DEADLINE TO ADD
PARTIES IN THE FIRST LAWSUIT BY A LONG WAY, AND WITHOUT EVEN
HAVING ASKED TO ADD THOSE PARTIES IN THE FIRST LAWSUIT.

SO I THINK IN TERMS OF SORT OF NOTICE AND, YOU KNOW,
PREJUDICE TO A DEFENDANT WHO WAS NOT NAMED IN AN INITIAL
LAWSUIT AND THOUGHT THEY WOULD -- YOU KNOW, PRESUMABLY
OPERATING ON THE ASSUMPTION THAT THEY WERE NOT GOING TO BE
NAMED AND THEN ALL OF A SUDDEN TO HAVE A CLAIM-SPLITTING
SITUATION WHERE A SECOND LAWSUIT WAS INAPPROPRIATELY FILED
AGAINST THEM, THAT SEEMS -- STRIKES ME AS MORE PREJUDICIAL.

SO VIEWING THE FILING OF THE SECOND LAWSUIT AS MORE EGREGIOUS, MY -- YOU KNOW, THE POSSIBLE APPROACH I IDENTIFY FOR DEALING WITH ALL OF THESE MOTIONS WERE, ALL RIGHT, STARTING AT THE BEGINNING WITH THE MOTION TO DISMISS THE COUNTERCLAIMS, GRANT THE MOTION TO DISMISS AS TO THE CLAIM FOR CORRECTION OF INVENTORSHIP, BECAUSE IT DOESN'T -- DOESN'T -- THE COMPLAINT DOESN'T GIVE US ANY EXPLANATION OF WHY WE SHOULD THINK OF THOSE

ALLOW -- AND THEN AT THAT POINT ALLOW NVISION, AND POSSIBLY THE SHAREHOLDERS ALSO, TO SEEK DISMISSAL OF THE LAWSUIT WITH PREJUDICE ON CLAIM-SPLITTING GROUNDS.

I MAY HAVE SAID CLAIM PRECLUSION ONCE OR TWICE DURING THIS MONOLOGUE, BUT I MEANT CLAIM SPLITTING.

AND THEN, OF COURSE, THAT WOULD LEAVE -- THAT WOULD

LEAVE THE MOTION TO CONSOLIDATE, WHICH, OF COURSE, WOULD BE

DENIED, AND PROBABLY WOULD BE, YOU KNOW -- YOU KNOW, ASSUMING

I'M RIGHT THAT THE LAWSUIT NEEDS TO BE DISMISSED ON

CLAIM-SPLITTING GROUNDS, OR ASSUMING I'M RIGHT THAT AT LEAST

NVISION NEEDS TO BE DISMISSED ON CLAIM-SPLITTING GROUNDS, THEN

I THINK THERE -- YOU KNOW, THERE BECOMES A MUCH WEAKER CASE FOR

CONSOLIDATION IN ANY EVENT.

THAT LEAVES ME WITH ONE -- ONE OTHER FINAL COMMENT

ABOUT THIS POTENTIAL WAY OUT OF THIS MORASS THAT WE'VE ALL

CREATED FOR OURSELVES, AND IT GOES BACK TO THE FIRST POINT I

MADE ABOUT THE ATROCIOUSNESS OF BIOCARDIA'S LITIGATION CONDUCT.

I WOULD THINK THAT AS PART OF THE SOLUTION TO, YOU KNOW, THE PROCEDURAL MASS -- MORASS THAT WE'RE IN, IT MAY VERY WELL BE APPROPRIATE TO REQUIRE BIOCARDIA TO PAY THE DEFENDANT'S ATTORNEYS' FEES THAT THEY HAVE INCURRED AS A RESULT OF ALL OF THIS LITIGATION CONDUCT, THIS FAILURE TO ADD THE TRADE SECRETS IN A TIMELY FASHION, YOU KNOW, THIS ATTEMPT TO -- THIS SEEMINGLY INAPPROPRIATE ATTEMPT TO FILE A SECOND LAWSUIT AGAINST NVISION.

ANYBODY OTHER THAN THE PARTIES WHO ARE IN THE CASE ALREADY.

AND THEN YOU WOULD -- I WOULD DISMISS THE CLAIMS

AGAINST THE SHAREHOLDERS IN THE SECOND CASE. I'D GRANT THE

SHAREHOLDERS' MOTION TO DISMISS IN THE SECOND CASE ON THE

GROUND THAT YOU HAVEN'T STATED A CLAIM AGAINST THEM. AND THE

UPSHOT BEING YOU HAVEN'T -- I THINK THERE ARE PROBLEMS WITH

THE -- IDENTIFYING THE PROPERTY, BUT THE BIG -- THE MAJOR

OVERARCHING PROBLEM IS YOU HAVEN'T IDENTIFIED ANY WRONGDOING BY

THEM.

AND SO THAT WOULD BE DISMISSED WITH LEAVE TO AMEND,

AND THEN I WOULD PUT OFF THE CLAIM SPLITTING ISSUE SORT OF IN

AN ABUNDANCE OF FAIRNESS, AND, PRESUMABLY, IN RESPONSE TO THE

AMENDED COMPLAINT THAT YOU FILE, THERE WILL BE A MOTION TO

DISMISS ON CLAIM SPLITTING GROUNDS THAT, FRANKLY, BASED ON

EVERYTHING I'VE SEEN SO FAR, IS NOT A DIFFICULT MOTION, BECAUSE

OF THE FACT THAT YOU COULD HAVE BROUGHT NVISION IN, AND PERHAPS

ALSO THE SHAREHOLDERS, INTO THE SECOND -- INTO THE FIRST

LAWSUIT, FAILED TO DO SO, AND HAVING BLOWN THAT OPPORTUNITY,

YOU FILED A SECOND LAWSUIT AGAINST THEM INVOLVING THE SAME

SUBJECT MATTER, AND THEY'RE IN PRIVITY. AGAIN, I'M NOT AS SURE

ABOUT WHETHER THE SHAREHOLDERS ARE IN PRIVITY. I HAVEN'T

FOCUSED ON THAT AS MUCH YET.

BUT, YOU KNOW, THAT SEEMS -- THAT SEEMS LIKE A VERY LIKELY OUTCOME.

AND THEN I THINK ANOTHER VERY LIKELY OUTCOME IS THAT,

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YOU KNOW, THE DEFENDANTS NEED TO BE COMPENSATED FOR THE MONEY -- ATTORNEYS' FEES THEY'VE INCURRED IN TRYING TO DEAL WITH ALL OF THESE PROBLEMS THAT YOU'VE CREATED. BUT, AGAIN, YOU KNOW, WE WOULD PRESUMABLY PUT THAT OFF UNTIL ANOTHER DAY. THAT'S THE PROPOSAL. AND, OF COURSE, THERE WOULD NOT BE CONSOLIDATION.

MR. FEINBERG: EVER OR FOR NOW?

THE COURT: I THINK IT'S OVERWHELMINGLY LIKELY THAT
THERE WOULD NEVER BE CONSOLIDATION BECAUSE THE SECOND LAWSUIT
WILL VERY LIKELY BE DISMISSED WITH PREJUDICE ON CLAIM-SPLITTING
GROUNDS, AT LEAST AS TO NVISION. AND I'M EQUALLY SKEPTICAL
THAT YOU'RE GOING TO BE ABLE TO STATE A CLAIM AGAINST THE
SHAREHOLDERS. AND IT MAY BE THAT SUING SHAREHOLDERS IN THE
SECOND LAWSUIT IS IMPROPER CLAIM SPLITTING AS WELL. SO THE
CONSEQUENCE OF THAT IS VERY LIKELY TO BE THAT THERE WILL NEVER
BE CONSOLIDATION BETWEEN THE TWO CASES BECAUSE THERE WON'T BE A
SECOND CASE.

AND THEN EVEN IF SOMETHING SOMEHOW WERE TO SURVIVE IN THE SECOND CASE, I -- YOU KNOW, THERE STILL MAY BE REASONS NOT TO CONSOLIDATE THE CASES, I DON'T KNOW.

MR. FEINBERG: SO --

THE COURT: DO THE DEFENDANTS HAVE ANY -- WELL,

BEFORE WE GET THERE, NOW THAT I HAVE ADAMS UP, I'M TRYING -
I'M AGAIN TRYING TO FIGURE OUT HOW ADAMS POSSIBLY HELPS YOU.

SO YOU WANT TO TRY TO EXPLAIN THAT AGAIN.

ANY PROBLEMS THAT COULD RESULT FROM CLAIM SPLITTING, TO WIT
WASTE OF JUDICIAL RESOURCES AND --

THE COURT: BUT THAT'S NOT -- THAT'S NOT -- THAT'S

NOT A CASE WHERE THEY BLEW THE DEADLINE TO ADD THE STUFF FROM

THE SECOND LAWSUIT TO THE FIRST LAWSUIT. IN OTHER WORDS,

THEY -- THEY COULD HAVE ADDED THE STUFF TO THE -- AS I

UNDERSTAND IT, THEY COULD HAVE ADDED THE STUFF TO THE FIRST

LAWSUIT, THEY DIDN'T, THEY CHOSE INSTEAD TO FILE A SECOND

LAWSUIT. THEN THERE WAS A MOTION TO CONSOLIDATE WHICH FOR SOME

REASON THE DEFENDANT OPPOSED, AND, AS A RESULT, THEY FOREWENT

THE OPPORTUNITY TO ARGUE THERE WAS IMPROPER CLAIM SPLITTING.

BUT HERE THE -- SO -- BUT HERE THERE -- YOU -
THERE -- YOU BLEW THE DEADLINE FOR ADDING NVISION TO THE SECOND

LAWSUIT. SO YOU, BY BLOWING THAT DEADLINE, YOU FOREWENT THE

OPPORTUNITY TO SUE NVISION.

YOU EFFECTIVELY DECIDED TO NOT SUE NVISION, AND THEN ALL OF A SUDDEN, LATER ON YOU REALIZED THAT WAS A BAD DECISION AND SO YOU FILED A SECOND LAWSUIT BECAUSE YOU HAD BLOWN YOUR OPPORTUNITY. THAT'S CLAIM SPLITTING. THAT'S QUINTESSENTIAL CLAIM SPLITTING. SO I DON'T THINK THIS -- EVEN THOUGH IT'S UNPUBLISHED, EVEN IF WE WERE TO CONSIDER IT, I DON'T THINK IT HELPS YOU IN ANY WAY.

MR. FEINBERG: YOUR HONOR, I WOULD LIKE -- WELL, I
GUESS WE'LL HAVE AN OPPORTUNITY TO BRIEF THIS IF AND WHEN THE
COURT FOLLOWS ITS PROPOSAL. BUT I THINK THERE IS ACTUALLY A

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AMENDED COMPLAINT IN THE FIRST LAWSUIT AND AMENDED COMPLAINT IN THE SECOND LAWSUIT. HOW MUCH TIME DO YOU WANT? MR. FEINBERG: LIKE 45 DAYS, YOUR HONOR. UNIDENTIFIED SPEAKER: YIKES. THE COURT: FORTY-FIVE DAYS? MR. FEINBERG: I WOULD TAKE 30. I WANT TO MAKE SURE THAT WE HAVE SOMETHING THAT IS AS BEST WE CAN DO WILL SURVIVE WHAT WE KNOW ARE MOTIONS TO DISMISS. THE COURT: OKAY. THE OTHER THING I WANT TO SAY IS THAT, YOU KNOW, IF I STICK WITH THIS PLAN, I VIEW THIS AS REALLY GIVING BIOCARDIA A MAJOR BREAK HERE. AND, YOU KNOW, IN TERMS OF ALLOWING YOU TO CONTINUE TO OPPOSE THE CLAIM SPLITTING ARGUMENT DESPITE YOUR FAILURE TO HAVE PRESENTED ANYTHING MEANINGFUL SO FAR ON THAT AND, YOU KNOW, IN TERMS OF ALLOWING YOU TO ADD THE TRADE SECRETS IN THE FIRST LAWSUIT. I VIEW THIS AS GIVING YOU A HUGE BREAK, AND BIOCARDIA IS NOT GOING TO GET ANY MORE BREAKS IN THIS LAWSUIT FOR, YOU KNOW, FAIL- -- YOU KNOW, FAILINGS, LITIGATION FAILINGS, PROCEDURAL FAILINGS. THIS IS BIOCARDIA'S LAST CHANCE. THERE WILL BE NO MORE -- THERE WILL BE NO MORE GIVING YOU A BREAK IN THE EXERCISE OF DISCRETION. SO I'LL THINK ABOUT HOW LONG YOU CAN HAVE TO --ASSUMING WE STICK WITH THIS PLAN, HOW LONG YOU CAN HAVE TO FILE AMENDED COMPLAINTS.

AND DOES ANYBODY HAVE ANYTHING ELSE THEY WANT TO ADD

CERTIFICATE OF TRANSCRIBER

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I CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT
TRANSCRIPT, TO THE BEST OF MY ABILITY, OF THE ABOVE PAGES OF
THE OFFICIAL ELECTRONIC SOUND RECORDING PROVIDED TO ME BY THE
U.S. DISTRICT COURT, NORTHERN DISTRICT OF CALIFORNIA, OF THE
PROCEEDINGS TAKEN ON THE DATE AND TIME PREVIOUSLY STATED IN THE
ABOVE MATTER.

I FURTHER CERTIFY THAT I AM NEITHER COUNSEL FOR,

RELATED TO, NOR EMPLOYED BY ANY OF THE PARTIES TO THE ACTION IN

WHICH THIS HEARING WAS TAKEN; AND, FURTHER, THAT I AM NOT

FINANCIALLY NOR OTHERWISE INTERESTED IN THE OUTCOME OF THE

ACTION.

Incolumbini

JOAN MARIE COLUMBINI

JULY 31, 2020